

Introduced by Senator De León

February 8, 2011

An act to add Section 21201.6 to the Business and Professions Code, relating to pawnbrokers.

LEGISLATIVE COUNSEL'S DIGEST

SB 212, as introduced, De León. Pawnbrokers.

Existing law regulates the sale and redemption of pledged property by pawnbrokers. Existing law requires every loan made by a pawnbroker, for which goods are received in pledge as security, to be evidenced by a written contract and requires a copy of the contract to be furnished to the pledgor. Existing law authorizes a pledgor and a pawnbroker to agree to a new loan to take effect upon or at any time after the expiration of the loan period stated in the original contract furnished to the pledgor, requires the pledgor to pay in cash or another form acceptable to the pawnbroker all of the charges and interest due under the original loan, and requires the remaining unpaid balance of the actual amount borrowed under the original loan to be debited to the new loan on which the same article or articles are pledged. A violation of these provisions under circumstances where a person knows or should have known that a violation was being committed is a crime.

This bill would provide that the signature of the pledgor is not required for these new loans if the pledgor remits payment of fees and charges due under the original loan contract by mail or proxy and certain other conditions are satisfied. The bill would require a pawnbroker to return a pledgor's proposed payment in the same manner it was provided to the pawnbroker if the pawnbroker rejects the payment made by mail or other method.

Because a knowing violation of these provisions would be a crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 21201.6 is added to the Financial Code,
2 to read:

3 21201.6. (a) Notwithstanding any other provision of law to
4 the contrary, the signature of a pledgor shall not be required for
5 any new loan contract entered into pursuant to Section 21201.5 if
6 the pledgor remits payment of the fees and charges due under the
7 original loan contract by mail or by proxy, and all of the following
8 are satisfied:

9 (1) The pawnbroker accepts the payment and issues a new loan
10 consistent with Section 21201.5 and this section.

11 (2) The pawnbroker issues a receipt, as set forth in Section
12 21204, to the pledgor either in the same manner in which the
13 pledgor transmitted the payment to the pawnbroker or as otherwise
14 provided under the terms of the original contract.

15 (3) The new loan contract is in writing.

16 (4) The new loan and its fees and charges satisfy the
17 requirements of Sections 21200 to 21201.4, inclusive, excepting
18 Section 21200.7.

19 (5) For a loan of a bona fide principal amount of two thousand
20 five hundred dollars (\$2,500) or more, the formula for calculating
21 the compensation due under the new loan is set forth in the original
22 loan contract or, if none is stated, the compensation for the new
23 loan shall be calculated by the same formula stated in the original
24 loan contract.

25 (b) An original loan contract may be renewed under Section
26 21201.5 as many times as the pawnbroker and pledgor may agree,
27 except that all new loans issued as a result of the pledgor's payment

1 by mail or by proxy shall comply with the requirements of
2 subdivision (a).

3 (c) If a pawnbroker rejects a pledgor's proposed payment made
4 by mail or other method, the pawnbroker shall promptly return the
5 pledgor's proposed payment in the same manner it was made to
6 the pawnbroker by the pledgor.

7 SEC. 2. No reimbursement is required by this act pursuant to
8 Section 6 of Article XIII B of the California Constitution because
9 the only costs that may be incurred by a local agency or school
10 district will be incurred because this act creates a new crime or
11 infraction, eliminates a crime or infraction, or changes the penalty
12 for a crime or infraction, within the meaning of Section 17556 of
13 the Government Code, or changes the definition of a crime within
14 the meaning of Section 6 of Article XIII B of the California
15 Constitution.